

How To Start A Small Business On Kaua'i

A GUIDE

This booklet is dedicated to Gerald W. Dela Cruz, whose help, support and dedication made this book possible. Gerald W. Dela Cruz, Director of the Office of Economic Development, County of Kauai had the vision of this book for many years. Gerald devoted himself to the betterment of the economy of Kauai and assisted many individuals in their entrepreneurial efforts. He knew that the development and publication of this book would provide the type of support necessary to demystify the starting of a business on Kauai and to assist countless aspiring entrepreneurs in their business success.

Prepared By:

Kaua'i Business Assistance Corporation in collaboration with Kaua'i County Office of Economic Development

©Copyright 1999

TABLE OF CONTENTS

[Letter from the Mayor](#)

[Kaua'i County Departments and their functions](#)

[Federal and State of Hawaii Departments and their functions](#)

[Other Business-Related Organizations](#)

[First steps in setting up a business on Kaua'i](#)

[The Business Plan and its importance](#)

[Kaua'i lenders](#)

[Alternative sources of financing](#)

[The five biggest mistakes people make when starting a business on Kaua'i](#)

[Training and education resources available for the small business owner/entrepreneur on Kaua'i](#)

[Resources available for the person wanting to start a business on Kaua'i](#)

[Appendix A - Professional Licensing Information](#)



OFFICE OF THE MAYOR

Bryan J. Baptiste, Mayor
County of Kaua'i

MESSAGE FROM THE MAYOR

NOVEMBER 2004

Aloha and greetings from the Garden Island of Kaua'i! Small business represents an increasingly important segment of Kaua'i County's economy. Nationwide, small business creates over 80 percent of new jobs, and is fueled by a high degree of innovation. On Kaua'i, 87 percent of our businesses are "small businesses."

"How To Start A Small Business On Kaua'i" is the result of our recognition of the vital role that small business plays in the economic health of our islands. We also recognize that interpreting the laws, rules and procedures governing small business start-ups can be daunting. This pamphlet is designed to help steer you on a course toward personal and professional success, and to becoming a vital part of Kaua'i County's overall economy.

Information on County, State and Federal agencies can be found within, as well as tips on how to write a business plan and how to apply for permit and licensing requirements. You will also find a comprehensive resource list for educational resources, community business organizations, and other information geared toward assisting you to successfully start up your business.

We hope you will find "How To Start A Small Business On Kaua'i" useful. Best wishes for a successful business venture!

Aloha pumehana,

Bryan J. Baptiste
Mayor, County of Kaua'i

KAUA'I COUNTY DEPARTMENTS

OFFICE OF ECONOMIC DEVELOPMENT

The primary responsibility of OED is to assist in the development of a healthy, stable and balanced economy for the County of Kaua'i. General Information 241-6390. Agricultural Support Services coordinates and supports the: Kaua'i Tropical Disinfestation Facility, Sunshine Markets and Papaya

Industry Development. It also provides collaborative development of diversified agriculture promotional projects with industry groups.

Film Commission markets and supports Kaua'i as a production location for all media.

Tourism Support Services supports and assists in the promotion of Kaua'i as a preferred visitor destination.

Energy Support promotes energy efficiency and conservation for the County of Kaua'i.

Office of Economic Development 4444 Rice Street, Rm. 200 Lihue, HI 96766 808-241-6390

<http://www.kauai.hawaii.gov/oed.aspx>

LIQUOR CONTROL COMMISSION

Anyone wishing to sell alcoholic beverages in a bar, restaurant or retail location must secure a license from the Liquor Control Commission. This includes the sale of alcohol as a stand-alone product or in conjunction with other items. Temporary events wishing to distribute and sell alcoholic beverages must also secure a license from the Liquor Control Commission.

Liquor Control Commission 4444 Rice Street, Suite 120 Lihue, HI 96766 808-241-6580

<http://www.kauai.hawaii.gov/liquor.aspx>

PLANNING DEPARTMENT

The Planning Department administers the Subdivision and Comprehensive Zoning Ordinances, General Plan and Development Plans, State Land Use Commission Rules and Regulations, Shoreline Setback Rules and Regulations, as well as the SMA Rules and Regulations. Anyone wishing to start a business in an area that is not zoned for business or that type of business must contact the Planning Department prior to the establishment of that business. If in doubt or unsure, please contact the Planning Department.

Planning Department 4444 Rice Street, Suite 473 Lihue, HI 96766 808-241-6677

<http://www.kauai.hawaii.gov/planning.aspx>

PUBLIC WORKS DEPARTMENT/BUILDING DIVISION

Anyone involved in public and private construction work must contact the Public Works Department to ensure compliance with the various codes and regulations. Anyone desiring to construct a sign must secure a permit from the Public Works Department.

Public Works Department/Building Division 4444 Rice Street, Suite 175 Lihue, HI 96766 808-241-6655

<http://www.kauai.hawaii.gov/building.aspx>

DEPARTMENT OF FINANCE

Those businesses who need a peddler's license may apply for one at the Treasurer/Motor Vehicle Registration desk at the Department of Finance.

Department of Finance 4444 Rice Street, Suite 466 Lihue, HI 96766 808-241-6569

<http://www.kauai.hawaii.gov/finance.aspx>

FEDERAL AND STATE AGENCIES

DEPARTMENT OF TAXATION

Everyone doing business in Hawaii must have a General Excise Tax License. This license can be obtained from the Department of Taxation.

The Kaua'i District Office is: State Office Building 3060 Eiwa Street, #105 Lihue, HI 96766-1889 808-274-3456

Website: <http://www.hawaii.gov/tax/tax.html>

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS, PROFESSIONAL AND

VOCATIONAL LICENSING DIVISION

A number of professions are licensed by the State of Hawaii to do business within the state. Health Professionals (including Massage Therapists and Chiropractors), Real Estate Professionals, Accountants, Contractors, Plumbers, Electricians and many others are examples of professions that require licensing. When in doubt call the Department of Commerce & Consumer Affairs. Professional & Vocational Licensing Division 1010 Richards Street P.O. Box 3469 Honolulu, HI 96801 808-586-3000
Toll-free #: 274-3141 ext. 63000 <http://www.state.hi.us/dcca>

U.S. DEPARTMENT OF TREASURY, INTERNAL REVENUE SERVICE

All employers, including corporations, partnerships, limited liability companies and sole proprietorships with employees are required to have a federal identification number. This number can be obtained by contacting the Internal Revenue Service.
Internal Revenue Service Hawaii District Office Prince Kuhio Federal Building 300 Ala Moana Boulevard, Room 1002 Honolulu, HI 96813 1-800-829-1040
<http://www.irs.ustreas.gov/>

STATE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS, UNEMPLOYMENT INSURANCE DIVISION

All employers with one or more employees working full or part-time are required to have unemployment insurance. You must contact the Unemployment Insurance Division.
Unemployment Insurance Division
830 Punchbowl Street
Honolulu, HI 96813
808-586-8914
Kaua'i District Office
3100 Kuhio Highway, Room C-12
Lihue, HI 96766
808-274-3043

STATE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS, DISABILITY COMPENSATION DIVISION

All employers with one or more employees working full or part-time are required to have disability insurance. You must obtain this insurance from private insurance companies. You may contact the Disability Compensation Division for more information.
Disability Compensation Division 830 Punchbowl Street
Honolulu, Hawaii 96813
808-586-9188
Kaua'i District Office
3060 Eiwa St.
Lihue, HI 96766
808-274-3351
<http://www.dlir.state.hi.us/>

STATE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS, DISABILITY COMPENSATION DIVISION

All employers with one or more employees working full or part-time (19 1/2 hours for four consecutive weeks) are required to carry pre-paid health insurance. You must obtain this insurance from private insurance companies. Contact the Disability Compensation Division for more information.
Disability Compensation Division
830 Punchbowl Street

Honolulu, Hawaii 96813
808-586-9188
Kaua'i District Office
3060 Eiwa Sreet
Lihue, HI 96766
808-274-3351

<http://www.dlir.state.hi.us/>

U.S. DEPT. OF JUSTICE, IMMIGRATION & NATURALIZATION SERVICE

All employers must obtain a signed I-9 form (available online) from employees. You may obtain these forms from the Immigration & Naturalization Service.

Immigration & Naturalization Service, 595 Ala Moana Boulevard, Honolulu, Hawaii 96813 - 808-532-3721

<http://www.ins.usdoj.gov/graphics/index.htm>

HEALTH DEPARTMENT

Anyone selling, distributing or manufacturing food products must contact the Health Department for the appropriate permit. Anyone starting a health care related business must also contact the Health Department for the appropriate permit.

District Health Office, 4060 Umi Street, Lihue, HI 96766 - 808-241-3323

<http://www.state.hi.us/doh/>

OTHER BUSINESS RELATED ORGANIZATIONS ON KAUA'I

KAUA'I CHAMBER OF COMMERCE

The mission of the Kaua'i Chamber of Commerce is to promote, develop and improve commerce, quality growth and economic stability in the County of Kaua'i.

Kaua'i Chamber of Commerce 808-245-7363

<http://www.kauaichamber.org/>

HAWAII SMALL BUSINESS DEVELOPMENT CENTER

Provides support services for small or new businesses, information and research, new business assistance, business plan assistance and educational workshops.

Hawaii's Small Business Development Center at KCC 808-246-1748

<http://www.hawaii-sbdc.org/>

KAUA'I PRODUCTS COUNCIL

Kaua'i Products Council's goal is to promote the economic and social welfare of Kaua'i county and its communities through development and growth of local industry.

Kaua'i Products Council 808-823-8714

<http://www.kauaiproducts.org/>

KAUA'I ECONOMIC DEVELOPMENT BOARD

KEDB is dedicated to the diversification of Kaua'i's economic base, with particular emphasis on Science & Technology and Visitor Product Development. The primary role is to advocate and facilitate economic initiatives in partnership with the State of Hawaii, as well as PMRF and the offices of Senator Inouye.

Kaua'i Economic Development Board 808-245-6692

<http://www.kedb.com/>

KAUA'I COMMUNITY COLLEGE/CONTINUING EDUCATION

Training courses and workshops in the skills required to start a new business, entrepreneurship and other skills and interest areas.

Kaua'i Community College 808-245-8319

<http://www.kauaicc.hawaii.edu/continue.htm>

FIRST STEPS IN SETTING UP A BUSINESS ON KAUA'I

The advantages of having your own business are numerous. Potentially higher income, independence, exercise of creative talents and a sense of personal pride are some of the many benefits of being a small business owner.

There are also pitfalls. Having a good idea or a good product is not enough for developing a successful business.

The most successful entrepreneurs know their field of business, work very hard, think and plan diligently, and look ahead with flexibility to find opportunities and adapt to changing circumstances.

The following are the basic requirements to starting a business on Kaua'i. You should use this as your guide. However, no listing can be comprehensive in this changing landscape of requirements. We recommend that when in doubt about specific requirements call the appropriate state or county office, or the Hawaii Small Business Development Center. Many of the forms required by different agencies may be available at the Kaua'i Business Assistance Corporation.

GENERAL EXCISE TAX LICENSE

A one time \$20 licensing fee that all businesses in the State of Hawaii must have to operate in the state.

State Department of Taxation

Taxpayers Services Branch

830 Punchbowl Street

Honolulu, Hawaii 96813

Phone: (808) 587-4242

<http://www.hawaii.gov/tax/tax.html>

Kaua'i District Office

State Office Building

3060 Eiwa St, #105

Lihue, HI 96766

Phone: (808) 274-3456

BUSINESS REGISTRATION

All businesses in the State of Hawaii must register their business with the exception of a sole proprietorship not using the trade name. Filing fees are:

Domestic Corporation - \$100

Foreign corporation - \$100 min. + \$100 annual fee

General partnership - \$25

Limited partnership - \$50

Trade name - \$50

Franchise offering - \$250

State Department of Commerce and Consumer Affairs

Business Registration Division

1010 Richards Street Honolulu, Hawaii 96813

Phone: (808) 586-2727

<http://www.state.hi.us/dcca/divisions/breg-seu/>

UNEMPLOYMENT INSURANCE (FORM UC-1)

For employers with one or more employees, working part-time or full-time. For further information call:

State Department of Labor and Industrial Relations Unemployment Insurance Division
830 Punchbowl Street
Honolulu, Hawaii 96813
Phone: (808) 586-8914
Kaua'i District Office
3100 Kuhio Hwy., Rm. C12
Lihue, HI 96766
(808) 274-3043
<http://www.dlir.state.hi.us/>

WORKER'S COMPENSATION

Please contact the State Department of Labor and Industrial Relations for further information.

State Department of Labor and Industrial Relations Disability Compensation Division
830 Punchbowl Street
Honolulu, Hawaii 96813
Phone: (808) 586-9161
Kaua'i District Office
3100 Kuhio Hwy., Rm. C12
Lihue, HI 96766
Phone (808) 274-3043
<http://www.dlir.state.hi.us/>

PROFESSIONAL AND VOCATIONAL LICENSES

Contact Department of Commerce and Consumer Affairs to determine if there are certain requirements and standards to practicing your trade or profession.

State Department of Commerce and Consumer Affairs
Professional and Vocational Licensing Division
1010 Richards Street Honolulu, Hawaii 96813
Phone: (808) 586-3000
<http://www.state.hi.us/dcca>

TAX IDENTIFICATION NUMBER

All organizations except sole proprietors without employees are required to have a tax identification number.

U.S. Department of Treasury Internal Revenue Service
300 Ala Moana Blvd., #1002
Honolulu, Hawaii 96813
Phone: 800-829-1040
<http://www.irs.ustreas.gov/>

EMPLOYEE CERTIFICATION OF CITIZENSHIP

All employers are required to have employees complete Form I-9 from the U.S. Immigration and Naturalization Service.

U.S. Immigration and Naturalization Service
595 Ala Moana Boulevard
Honolulu, Hawaii 96813

Phone: (808) 532-3721
<http://www.ins.usdoj.gov/graphics/index.htm>

For those businesses requiring further information on Hawaii's Labor Laws please contact:

State Department of Business, Industrial Relations
830 Punchbowl Street
Honolulu, Hawaii 96813
Phone: (808) 586-8914
Kaua'i Office
3100 Kuhio Hwy., Room. C12
Lihue, HI 96766
(808) 274-3043

In addition to the General Excise Tax License, business registration and employer requirements described above certain types of businesses are also regulated by the state and federal government.

Each county also issues annual licenses to specific types of businesses and occupations. These are valid only within the county and are not transferable. Renewal deadline is June 30. Appendix A at the back of this booklet provides a list of additional requirements needed for selected businesses and occupations.

THE BUSINESS PLAN AND ITS IMPORTANCE

Your Business Plan is probably one of the most important documents you will need to set your business up for operation. There are many forms that a Business Plan can take, but each plan contains the same basic information. Is your plan to be used to secure a loan, invite new investors, to operate your business by etc? As you can see there are many purposes of a Business Plan. In this booklet we will provide the format for a basic Business Plan.

A Business Plan will help you assess your personal suitability as an entrepreneur. It will test your commitment to your business idea and ask you to research and collect data that will allow you to move from a good hunch that your business idea will work to a solid plan that will increase the odds of success. The Business Plan will also help you determine the market for, and economic feasibility of your product or service. You will need to determine the most advantageous form for your business as you create this plan. It will also demand that you calculate the financial requirements for this business idea. And, it will also request that you research the permits needed, insurance coverage and other pertinent business matters that may make the difference between success and failure.

There are eight primary sections to a Business Plan. They are:

1. Executive Summary
2. Description of the Business
3. Business Principals and the legal form of the Business
4. Your Market
5. Your Sales Program
6. Business Location
7. Internal Operations
8. Your Financial Plan

The **EXECUTIVE SUMMARY** is a brief summary of the business plan purposes and objectives. It answers questions such as:

- ... What is the purpose of this Business Plan?
- ... What structure have you chosen (sole proprietorship, partnership, corporation)?

- ... Who are the principals?
- ... Why do you think the venture will be successful?
- ... If this is to be used for a loan, who is requesting the funds and how much is needed?

DESCRIPTION OF THE BUSINESS answers the following questions:

- ... What business are you in?
- ... What is the name of the business?
- ... Who are the business owners?
- ... When will the business open?
- ... What does the business hope to achieve?
- ... Where is the business located?

BUSINESS PRINCIPALS AND THE LEGAL FORM OF BUSINESS create the foundation of what legal format the business will take and who are the key people involved in the business. It answers questions such as:

- ... Who are the principal owners of the business?
- ... What are their educational and business backgrounds?
- ... What background do they have in the business?
- ... Are there any other key employees?
- ... How do you think the skills of the business owners will contribute to the success of the business?

The legal form that a business will take, that is, will it be a sole proprietorship, partnership, corporation or sub-s corporation, are critical questions that will effect ownership, business registration, management, liability and taxation issues. A description of each form of business appears below. You should consult an attorney for the business form that best matches your needs.

	Sole Proprietorship	Partnership	Corporation	Sub-S Corporation
Ownership	By a single individual.	By two or more Persons.	By unlimited number of Shareholders.	By shareholders; number of shareholders limited to 35.
Business Registration	Not required, unless public notice of trade name is desired.	Within 30 days after formation. File certificates of limited or General partnerships.	File Articles of Incorporation. For non-Hawaii corporations, file declaration of Foreign Corporation and Certificate of Good standing.	Same as regular Corporation.
Management	Entirely in hands of owner.	By general partners.	Corporation's board of directors.	Same as regular Corporation.
Taxation	Owner taxed on Business profits whether or not distributed.	Partners taxed on share of partnership income whether or not	Corporation taxed on taxable income, whether or not distributed.	Shareholders taxed on taxable income of corporation, whether or not

		distributed.		distributed.
Liability	Owner liability Unlimited. Personal Property can be attached by creditors to settle debts.	Unlimited for general partners. General partners are jointly and severally liable.	Shareholder's liability limited to their investment in corporation stock.	Same as regular corporation.

YOUR MARKET answers the question "Who is my market?" The following questions will help define this section of your Business Plan:

- ... How big is your market?
- ... Is your industry growing? If so, by how much?
- ... What are the major trends in the industry?
- ... Who is your customer?
- ... What are the strengths of your competition?
- ... How will you counter your competition's strengths?
- ... How will you price your product or service?
- ... What advantages do you bring to the marketplace?

Your **SALES PROGRAM** lays the foundation to how you will sell your product or service. Answers to the following questions will assist you in developing your sales program.

- ... How will your business be superior to your competitors?
- ... How do you intend to capture your target market?
- ... How will you advertise and promote your products or services?
- ... How do you think your competition will respond to your advertising/promotion?
- ... What challenges do you think you will face in marketing and promoting your product or service?
- ... What are your market strategies?

A short section describing your **BUSINESS LOCATION** will answer the following questions directly:

- ... Describe your business location, including parking facilities?
- ... How is your location an advantage in selling to your target market?
- ... What special equipment will you need?
- ... What renovations will you need?

INTERNAL OPERATIONS must be addressed in your Business Plan. The following questions must be answered by you, as well as placing the answers in your Business Plan.

- ... Who is responsible for each part of your operation?
- ... Who will be responsible for starting up your business?
- ... Who will do your recordkeeping and accounting?
- ... Do you have a back-up plan in case a key employee leaves?
- ... Who are your suppliers?
- ... How much space will you lease/build?
- ... Include resumes of key employees/owners?
- ... How will you train employees?

The **FINANCIAL PLAN** will become the backbone of your Business Plan. If you are seeking outside financing your financial plan will be critical to you receiving funding. If you are planning on funding your business through your own financial resources the financial plan will

become your major operating tool. Either way the importance of your financial plan cannot be overestimated. Your financial plan will also be your reality check between what you can expect to earn in your business and what it will take to operate. If you ignore your financial plan you will do so at your business' peril.

Generally, your financial plan should include two years of Profit and Loss projections, Balance Sheet projections and Cash Flow projections. It is not practical to give you a detailed description of each type of financial statement. However, the following questions will help you gather the data necessary to put these financial statements together.

Questions related to your **PROFIT & LOSS STATEMENT**:

- ... What are your projected sales, by month, by unit, by year, by product line or service?
- ... What are the costs for your inventory/merchandise?
- ... What are your projected expenses? Items such as insurance, shipping, taxes, salaries & wages, benefits, utilities, telephone, repairs, legal and professional, computer, license and permit fees etc.
- ... Will there be other income, such as t-shirt sales?
- ... Other expenses? Advertising?

Questions related to the **BALANCE SHEET** are:

- ... What will be your start-up cash balance?
- ... Will you have any accounts receivables?
- ... What equipment will you need to buy?
- ... How much will you owe your suppliers? Investors? Bankers?
- ... Will you have debt? If so, how much and for how long?
- ... Will you sell stock in your organization? If so, how much?

The **CASH FLOW** statement is designed to tell you how much cash you will need to have on hand to pay bills and generally keep your operation running smoothly.

Questions such as these will give you a good beginning at looking at cash flow.

- ... How much cash will you start with?
- ... Projected Income?
- ... Credit Sales?
- ... Expenses?
- ... Overhead?
- ... Loan repayment?

These eight sections will give you an excellent plan to start your business. However, like any plan you must adjust it periodically to respond to changing conditions, both personal and market driven.

KAUA'I COUNTY LENDERS

There are many financial institutions on Kaua'i that make small business loans. Every lender has its own loan requirements, but inevitably they all require financial statements and some form of a Business Plan. The following is a list of financial commercial lenders.

American Savings Bank

4318 Rice Street Lihue, HI 96766

(808) 245-3388

*This institution has several branches on island, consult the phone book for the branch nearest you.

Bank of Hawaii

4455 Rice Street Lihue, HI 96766

(808) 245-6761

*This institution has several branches on island; consult the phone book for the branch nearest you.

Central Pacific Bank

4364 Rice Street Lihue, HI 96766

(808) 245-3311

*This institution has several branches on island; consult the phone book for the branch nearest you.

City Bank

4100 Rice Street Lihue, HI 96766

(808) 245-2161

*This institution has several branches on island; consult the phone book for the branch nearest you.

First Hawaiian Bank

4423 Rice Street Lihue, HI 96766

(808) 245-4024

*This institution has several branches on island; consult the phone book for the branch nearest you.

Territorial Savings

4393 Kukui Grove Lihue, HI 96766

(808) 245-5671

ALTERNATIVE SOURCES OF FINANCING

In addition to the traditional sources of commercial financing there are several alternative lenders in the state. They are:

Immigrant Center

720 N. King Street Honolulu, HI 96813

(808) 845-3918

Provides training, technical assistance and SBA-guaranteed micro loans (up to \$2500) to start-up businesses for low-to-middle income borrowers.

Lokahi Pacific Kaua'i Economic Opportunity

2804 Wehe Rd Lihue, HI 96766

(808) 245-4077

craigs@lokahipac.com

Rural Development Loan Program for entrepreneurs unable to secure bank financing for business and start-up and expansion and community development projects.

Office of Hawaiian Affairs

3100 Kuhio Highway

Lihue, HI 96766

(808) 241-3390

<http://www.oha.org/>

Micro-loans and commercial loans for individuals of Hawaiian decent.

Hawaiian Community Loan Fund

680 Iwilei Road, Suite 415

Honolulu, HI 96817

(808) 523-0075

Loans, grants, and technical assistance to organizations that have a primary mission of community development.

Rural Economic Transition Assistance-Hawaii (RETA-H)

Small Business Development Center

3-1901 Kaumuali'i Highway

Lihue, HI 96766 (808) 246-1748

<http://www.hawaii-sbdc.org/reta-h.htm>

A funding and technical assistance program that assists displaced sugar workers in developing new skills and agricultural industries.

Community Based Economic Development

Business Support Division

DBED&T

P.O. Box 2359 Honolulu, HI 96804

(808) 586-2586

<http://www.hawaii.gov/dbedt/cbed/loan.html>

Lending assistance to community-based organizations and businesses for the purpose of financing plant construction, conversion, expansion, acquisition of land, equipment, machinery, supplies or materials or for working capital.

FIVE BIGGEST MISTAKES PEOPLE MAKE WHEN STARTING A BUSINESS ON KAUAI

Owning and operating a small business on Kaua'i can be a challenge and a joy. It is definitely not something you do to get away from hard work. Small business is made for the strong of heart and clear thinker. There are several themes that reflect the challenges of small business on Kaua'i. They are: Marketing/Promotion, Accounting/Bookkeeping, Space, Employees and Planning.

Marketing and promotion are one of the main issues of small business. When a business first opens on Kaua'i there often is a flurry of marketing activity, then the business settles in and the marketing dwindles down to an occasional ad. Marketing atrophy settles in and those mental muscles that are used to develop a good marketing/promotion plan begin to dry up and atrophy. Unfortunately, by the time the small business owner realizes that the customer base is shrinking their cash flow is shrinking as well. If you find yourself in this position think guerrilla marketing. Guerilla marketing is a method of marketing that costs little and can produce quite a bit. Look for opportunities for an interesting story in the Garden Island newspaper or the Kaua'i Business Report. Think about sending out a letter to your customers telling them about a special sale. Think creatively and you will find there are many avenues open to you that do not cost very much and can be quite productive. Most importantly, be consistent. Develop a marketing plan for the year and be consistent with it. Consistently will produce a much bigger impact than a once in a while effort.

Accounting and bookkeeping can be a problem for a small business. Some small businesses treat

accounting and bookkeeping as a necessary evil. It is something that must be done for the government. Needless to say, keeping accurate records that reflect the realities of your business is essential. However, even more important is what you do with these records in addition to filing your taxes. Your financial records can be a very important tool. They can tell you what products or services are producing what percentage of sales. And, what factors make up your costs. They can also show you trends, such as, seasonal, monthly, weekly, daily trends. This information can be helpful in staffing your small business, purchasing inventory, directing your marketing dollars etc. You would be wise to begin to look at these records as a help rather than a hindrance.

Most small business owners will find themselves leasing space to set up their business. This is especially true if your small business is a retail operation. There are several important considerations in leasing space for your small business. One, how long is the lease for and how many dollars must you invest in leasehold improvements to prepare your space for business. Many small business owners leap at the chance to rent space for a short term, then turn around and invest thousands of dollars in leasehold improvements. Think your way through this problem. Can you afford to move in a year because your rent increases substantially? Especially when you take into account the dollars you have already invested in improvements. Maybe a longer lease would be in your best interests. Also, how important is signage to your business. If people can not see your storefront or sign will it have a negative impact on your ability to draw customers to your business? Parking can sometimes be a big problem, depending upon the space and the nature of the business. Look at your fellow tenants. Is their business compatible with yours? Should you consider expansion possibilities? Maybe, maybe not, but at the least consider whether this is an important factor for you. And, finally consider working with a commercial real estate broker. That person will probably know the market very well, the history of the property in mind, and also assist you in lease negotiation.

Employees. You can't live with them and you can't live without them. Our world today is more complicated than ever before. In Hawaii, the first question you normally ask is do I hire part-time or full time? Part-time may save you some dollars because of medical benefits, however, your part-time employees may actually prefer full-time and will leave once they find full-time work. This is not a problem if the training curve for their job is quick and most people can pick it up quickly. Don't be lulled into short term thinking that saving the cost of medical benefits is the cheaper of the two. Take a look at the job and consider such things as employee loyalty, training time, customer service and the importance of job knowledge. Another area that causes challenges for small business is the hiring and firing process. Most people in small business hire by their gut. Good idea and an important one, but not the only factor that should be considered. Look at their work ethic, stability, references, and level of motivation as other areas to consider. Also, if an employee is late, or having a performance problem, document it, even if it is a note in a file. You need something to go back to if the employee decides to sue you for wrongful termination or some other complaint. More times than not their suit will be off base, but your defense costs can be painful, both in money and time. Do not lull yourself into a false sense of security because you are a small business. We live in a litigious society and being an employer puts you in the frontline.

The most important challenge facing small business is planning or lack of. Many businesses fail on Kaua'i because they do not have a plan, or refuse to adapt to changing conditions. Don't work out of the crisis mode intentionally, not unless you want to work against the odds. Develop a plan when you first start your business, then review it periodically and adjust it according to changing market conditions. Your plan is your navigational tool, without it you may be directionless. This is not a good position to be in if you're the captain of your ship. There are plenty of places to go on Kaua'i to get assistance with your Business Plan. There is the Kaua'i Business Assistance Corporation, Small Business Development Center, OHA, and dozens of websites on the Internet that can help as well. For starters, you can type "Business Plan" in the

URL address bar on your computer and you will have many websites open up that are devoted to Business Plans. There is no reason not to have a plan, that is, unless you want to be directionless. Don't get caught napping with your business, develop a plan and continually modify it according to market conditions.

TRAINING AND EDUCATION RESOURCES AVAILABLE FOR THE SMALL BUSINESS OWNER/ENTREPRENEUR ON KAUAI

There are a number of educational resources available on Kaua'i that offers training courses and seminars for the small business owner. The following list is a starting point for you. The best way to get the most up to date information is to call any of the organizations below for a listing of available courses and seminars.

Kaua'i Community College Continuing Education
3-1901 Kaumuali'i Highway
Lihue, HI 96766
(808) 245-8319
<http://www.kauaicc.hawaii.edu/continue.htm>

Office of Hawaiian Affairs
3100 Kuhio Highway
Lihue, HI 96766
(808) 241-3390
Alu Like Inc.
3129 Peleke
Lihue, HI 96766
(808) 245-8545
<http://www.alulike.org/>

Hawaii Small Business Development Center
3-1901 Kaumuali'i Highway
Lihue, HI 96766
(808)246-1748
<http://www.hawaii-hsbdc.org/>

Industry Network Corporation
1001 Bishop Street, #895
Honolulu, HI 96813
(808) 536-2278

Department of Labor and Industrial Relations
Workforce Development Division
3100 Kuhio Highway
Lihue, HI 96766
(808) 274-3056
<http://www.dlir.state.hi.us/>

Kaua'i Chamber of Commerce
2970 Kele Street, Suite 112
Lihue, HI 96766

(808) 245-7363
<http://www.kauaichamber.org/>

Garden Island R.C. & D
3083 Akahi Street, Suite 204
Lihue, HI 96766
(808) 246-0091
<http://www.kauainetwork.com/>

RESOURCES AVAILABLE FOR THE PERSON WANTING TO START A BUSINESS ON KAUAI

Fortunately for the aspiring individual thinking about starting a small business on Kaua'i there is ample resources available to assist you in getting your business started. The following are a list of the resources available both within the county of Kaua'i and at the state level.

COUNTY OF KAUAI
County of Kaua'i Office of Economic Development
4280-B Rice Street
Lihue, HI 96766
(808) 241-6390
<http://www.kauai.hawaii.gov/oed.aspx>

Kaua'i Economic Development Board
4290 Rice Street
Lihue, HI 96766
(808) 245-6692
<http://www.kedb.com/>

Kaua'i Chamber of Commerce
2970 Kele Street, Suite 112
Lihue, HI 96766
(808) 245-7363
<http://www.kauaichamber.org/>

Hawaii Small Business Development Center
3-1901 Kaumuali'i Highway
Lihue, HI 96766
(808) 246-1748
<http://www.hawaii-hsbdc.org/>

Office of Hawaiian Affairs
3100 Kuhio Highway
Lihue, HI 96766
(808) 241-3390
Alu Like Inc.
3129 Peleke Street
Lihue, HI 96766 (808) 245-8545
<http://www.alulike.org/>

Kaua'i Community College
Continuing Education
3-1901 Kaumuali'i Highway
Lihue, HI 96766
(808) 245-8319
<http://www.kauaicc.hawaii.edu/continue.htm>

STATE OF HAWAII
Industry Network Corporation
1001 Bishop Street, #895
Honolulu, HI 96813
(808) 536-2278

Department of Business
Economic Development & Tourism
Business Support Division
DBED&T
P.O. Box 2359
Honolulu, HI 96804
(808) 586-2582
<http://www.hawaii.gov/dbedt/small.htm>

High Technology Development Corp
2800 Woodlawn Dr., Suite 100
Honolulu, HI 96822
(808) 539-3600
<http://www.htdc.org/>

Hawaii State Department of Hawaiian Homelands
P.O. Box 1879
Honolulu, HI 96805
(808) 586-3848
<http://www.hawaii.gov/dhhl/>

Dept. of Commerce & Consumer Affairs
1010 Richards Street
Honolulu, HI 96801
Business Registration Division,
P.O. Box 40
(808) 586-2727
<http://www.state.hi.us/deca/divisions/breg-seu>

Professional & Vocational Licensing Div.,
P.O. Box 3469
(808) 586-3000
Business Research Library
Hawaii Small Business Development
Center Network
Maui Research And Technology Center
590 Lipoa Parkway, Suite 136

Kihei, HI 96753
(808) 875-2400
<mailto:brl@mrtc.org>

U.S. Immigration and Naturalization Service
595 Ala Moana Blvd.
Honolulu, HI 96813
(808) 532-3721
<http://www.ins.usdoj.gov/graphics/index.htm>

Internal Revenue Service
U.S. Department of the Treasury
300 Ala Moana Blvd, #1002
Honolulu, HI 96813
1-800-829-1040
<http://www.irs.ustreas.gov/>

Community Based Economic Development
Business Support Division
DBED&T
P.O. Box 2359
Honolulu, HI 96804
(808) 587-2772
<http://www.hawaii.gov/dbedt/cdeb/>

Cooperative Extension Service
College of Tropical Agriculture and Human Resources
UH Manoa
3050 Maile Way, Gilmore Hall 203
Honolulu, HI 96822
(808) 956-8139
<http://www2.ctahr.hawaii.edu/extout.asp>

Family Business Center of Hawaii
College of Business Administration
UH Manoa
2404 Maile Way, B-1-1
Honolulu, HI 96822
(808) 956-4289
<http://www.cba.hawaii.edu/asiapac/fbc.asp>

Pacific Business Center Program
UH Manoa
2404 Maile Way
Business Administration A413
Honolulu, HI 96822
(808) 956-6826
<http://www.cba.hawaii.edu/pbcp>

Office of Technology Transfer and Economic Development
Kaua'i Research and Technology Center

590 Lipoa Parkway
 Kihei, HI 96753
 (808) 875-2600
<http://www.mrtc.org/~mandrews/>

U.S. Small Business Administration
 Federal Building
 300 Ala Moana Blvd, Room 2314
 Honolulu, HI 96850
 (808) 541-2990
<http://www.sbaonline.sba.gov/>

Appendix A - Professional Licensing Information

BUSINESS ACTIVITY	CONTACT	FOR
Accountant	Commerce: Prof.& Vocational Licensing Division (State)	License
Activity Desk (Tour)	Commerce: Prof.& Vocational Licensing Division (State)	License
Acupuncturist	Commerce: Prof.& Vocational Licensing Division (State)	License
Agricultural Commodities Sellers & Processors	Agriculture Marketing Division (State)	Registration
Aircraft Services	Transportation: Airports Division (State)	Information Clearance
	Federal Aviation Administration (Federal)	Information Clearance
Animal Feed Sales	Agriculture: Marketing Division (State)	Registration
Animal Kennel	Health: Sanitation and Vector Control Branches (State)	Information Clearance
Architect	Commerce: Prof.& Vocational Licensing Division (State)	License
Attorney	Supreme Court of Hawaii (State)	License
Banks, Savings & Loan Assns. Credit Unions (State Chartered) Trust Cos., Industrial Loan Cos., Small Loan Cos., Escrow Depositories	Commerce: Div. Financial Institutions (State)	License
Barber	Commerce: Prof.& Vocational Licensing Division (State)	License

Boxer	Commerce: Prof.& Vocational Licensing Division (State)	License
Cable Television	Commerce: Cable Television Division (State)	Permit
Cemetery and Pre-need Funeral Authority	Commerce: Prof.& Vocational Licensing Division (State)	License
	Health: Sanitation Branch (State)	License
Charter Boat Rental	Land & Natural Res.: Harbors Division (State)	Comm.Permit
	U.S.Coast Guard (Federal)	Permit Reqs.
Chiropractor	Commerce: Prof.& Vocational Licensing Division (State)	License
Collection Agency	Commerce: Prof.& Vocational Licensing Division (State)	License
Commercial Fishing	Land & Natural Res.: Aquatic Resources Division (State)	License
	Land & Natural Res.: Division of Boating & Ocean Recreation (State)	Registration
	U.S.Coast Guard (Federal)	Certificate of Documentation
Contractor	Commerce: Prof.& Vocational Licensing Division (State)	License
Cosmetic Manufacturing	Health: Sanitation Branch (State)	Inspection
	Health: Food & Drug Branch (State)	Labeling
	Food & Drug Administration (Federal)	Voluntary Registration
Cosmetologist	Commerce: Prof.& Vocational Licensing Division (State)	License Shop Registration
Day Care Centers (Children/Adults)	Human Services: Family & Adult Services Division (State)	License, rules, & regulations
	Health: Sanitation Branch (State)	Inspection
	Commerce: Prof.&	

Dental Hygienist	Vocational Licensing Division (State)	License
Dentist	Commerce: Prof.& Vocational Licensing Division (State)	License
Detective (Private or Guard)	Commerce: Prof. & Vocational Licensing Division (State)	License
Dog Breeding	Land Utilization (County)	Information
Drinking Water System	Health: Safe Drinking Water Branch (State)	New Source Approval
Dry Cleaning	Health: Sanitation Branch (State)	Certificate
	Labor: Occupational Safety & Health Division (State)	Info. Council
	Building Department (County)	Building Permit
Electrician	Commerce: Prof.& Vocational Licensing Division (State)	License
Electrologist	Commerce: Prof.& Vocational Licensing Division (State)	License
Elevator Mechanic	Commerce: Prof.& Vocational Licensing Division (State)	License
Embalmer	Health: Sanitation Branch (State)	License
Emergency Medical Technician (Ambulance)	Commerce: Prof.& Vocational Licensing Division (State)	Certificate
Employment Agencies	Commerce: Prof.& Vocational Licensing Division (State)	License
Engineer (Professional)	Commerce: Prof.& Vocational Licensing Division (State)	License
Exporters of Flowers/Foliage	Agriculture: Marketing Division (State)	Registration
Exporting	International Trade Administration (Federal)	Export Info.
	Business Resource Center (State)	Export Info.
Fertilizers	Agriculture: Measurement Standards Division (State)	Info, Permits

Filmmaking	Bus., Econ. Dev. & Tourism: Film Office (State)	Info, Permits
Firearms Manufacturing/Sales	Finance (County)	License
	Bureau of Alcohol, Tobacco & Firearms (Federal)	License
Flower Nursery	Agriculture: Plant Industry Division (State)	Info, Permits
Food Establishment	Health: Sanitation Branch (State)	Permit
	Liquor Commission (County)	Liquor Lic.
Food Manufacturing/Packaging	Health: Sanitation and Food & Drug Branch (State)	Permit, Labeling info.
Food Sale (Temporary)	Health: Sanitation Branch (State)	Permit
Frozen Dessert Outlet	Health: Sanitation Branch (State)	Sanitation Cert.
Fuel Manufacturing	Health: Clean Air Branch (State)	Info, Permit
Hazardous Waste Collection/ Disposal	Health: Hazardous Waste Branch (State)	Information on Hazardous Waste Program
	Environmental Protection Agency (Federal)	Permit, and I.D. #
Hearing Aid Dealer/Fitter	Commerce: Prof.& Vocational Licensing	License
Hot Tub/Spa	Health: Sanitation Branch (State)	Info, Inspection
Hotel	Health: Environmental Protection & Health Service Division (State)	Sanitation Cert.
	Land Utilization/Planning (County)	Permit, Zoning
Household Hazardous Waste	Health: Office of Solid Waste (State)	Info on waste collection
Importing	Customs (Federal)	Import info.
	Business Resource Center (State)	Import info.
Import Liquor (Wholesale)	Liquor Commission (County)	License
	Customs (Federal)	Duties
	Bureau of Alcohol, Tobacco & Firearms	Submit copy of label

	(Federal)	
Insurance (Co., Agents, Sub-Agents Solicitors, Adjusters)	Commerce: Division of Insurance (State)	License
Land Development (Sub-Divisions)	Land: Utilization/Planning (County)	Registration
	Commerce: Prof.& Vocational Licensing Division (State)	License
Land Surveyor	Commerce: Prof.& Vocational Licensing Division (State)	License
Landscape Architect	Commerce: Prof.& Vocational Licensing Division (State)	License
Laundry	Health: Sanitation Branch (State)	Certificate
Lodging, Tenement, Boarding House, Bed & Breakfast	Health: Environmental Protection & Health	
	Service Division (State)	Sanitation Cert., Permit
	Land Utilization/Planning (County)	Zoning
Lunch wagon (Peddler)	Health: Sanitation Branch (State)	Permit
	Finance: (County)	License
Mail Order	Federal Trade Commission (Federal)	Information
	Food & Drug Administration (Federal)	(Required only if offering products pertaining to food, medicine, or cosmetics)
	U.S. Postal Service	Postal regulations and information
Massage Therapist	Commerce: Prof.& Vocational Licensing Division (State)	License, Reg.
	Health: Sanitation Branch (State)	Cert. & Permit
Meat & Poultry Processing Plants	Agriculture: Animal Industry Division (State)	License
Meat Production & Distribution	Agriculture: Animal Industry Division (State)	Info, inspection
	Health: Sanitation Branch (State)	Info, clearance
Medical Lab Technician	Health: Laboratories	Lab tech regs.

	Division (State)	
Metal Manufacturing	Health: Clean Air Branch (State)	Information
	Environmental Protection Agency	Information
Microbrewery	Liquor Commission: (County)	License
Milk Producers & Distributors	Health: Agriculture: Milk Control Branch	License
	Sanitation Branches (State)	Permit
Mortgage Brokers & Solicitors	Commerce: Prof.& Vocational Licensing Division (State)	License
Motor Vehicle (Baggage, Freight or Passenger Vehicle for Hire)	Budget & Finance: Public Utilities Commission (State)	Motor carrier certificate
Motor Vehicle (Wrecking, Salvaging, And Dismantling for Parts Resale)	Kaua`i County Finance	License
Motor Vehicle Dealer (New, Used, Motorcycle, Motor Scooter)	Commerce: Prof.& Vocational Licensing Division (State)	License
Motor Vehicle Dealer (Used Parts & Accessories)	Kaua`i County Finance	License
Motor Vehicle Repair	Commerce: Prof.& Vocational Licensing Division (State)	License
Motor Vehicle Salesperson	Commerce: Prof.& Vocational Licensing Division (State)	License
Moving & Hauling	Budget & Finance: Public Utilities Commission (State)	Motor Carrier Certificate
	Transportation: Motor Vehicle Safety Office (State)	Inspection, Clearance of vehicles
Naturopath	Commerce: Prof.& Vocational Licensing Division (State)	License
Non-Profit Organizations	Commerce: Business Registration Division (State)	Registration
Notary Public	Attorney General (State)	Certificate
Nurse/Nurses Aide	Commerce: Prof.& Vocational Licensing Division (State)	License

Nursing Home	Health: Sanitation Branch (State)	Inspection
Nursing Home Administrator	Commerce: Prof.& Vocational Licensing Division (State)	License
Nursery (Export)	Agriculture: Plant Industry Division (State)	Certification
Ocean Recreation	Land & Natural Res: State Parks Division (State)	Info, Permits
	Boating & Recreation Division (State)	Info, Permits
	Parks & Recreation Division (County)	Info, Permits
	Coast Guard (Federal)	Info, Permits
	Kaua`i County Finance	License
Optician (Dispensing)	Commerce: Prof.& Vocational Licensing Division (State)	License
Optometrist	Commerce: Prof.& Vocational Licensing Division (State)	License
Osteopath	Commerce: Prof.& Vocational Licensing Division (State)	License
Paramedic (Mobile Intensive Care Technician)	Commerce: Prof.& Vocational Licensing Division (State)	License
Pawnbroker	Kaua`i County Finance	License
Peddler	Kaua`i County Finance	License
Pest Control Operator	Commerce: Prof.& Vocational Licensing Division (State)	License
	Agriculture: Plant Industry Division (State)	License
Pesticides (Sale of)	Agriculture: Plant Industry Division (State)	License
Pet Shop	Agriculture: Animal Industry Division (State)	Quarantine Requirements
Pharmaceutical Distribution	Public Safety: Narcotics Enforcement Division (State)	Distribution Registration
	Drug Enforcement Administration (Federal)	Facility Registration
Pharmacy & Pharmacist	Commerce: Prof.& Vocational Licensing Division (State)	License

Photography	Business, Econ Dev.& Tourism: Film Office (State)	Permit
Physical Therapist	Commerce: Prof.& Vocational Licensing Division (State)	License
Physician	Commerce: Prof.& Vocational Licensing Division (State)	License
Physician Assistant	Commerce: Prof.& Vocational Licensing Division (State)	Certificate
Plumber	Commerce: Prof.& Vocational Licensing Division (State)	License
Podiatrist	Commerce: Prof.& Vocational Licensing Division (State)	License
Port Pilot	Commerce: Prof.& Vocational Licensing Division (State)	License
Pressurized Equipment (Testing/Cleaning)	County Fire Department	Certification, Inspection
	County Parks & Recreation	Permit
	Federal Highway Administration	Info.& permits
Psychologist	Commerce: Prof.& Vocational Licensing Division (State)	License
Public Transportation	Budget & Finance: Public Utilities Commission (State)	PUC approval Required
	Transportation: Motor Vehicle Safety Office (State)	Inspection, clearance of vehicles
Radio Station	County Land Utilization	Information
	Federal Communication Commission	Info, & Lic.
Real Estate Agent/Appraiser/Broker	Commerce: Prof.& Vocational Licensing Division (State)	License
Real Estate Collection Servicing Agent	Commerce: Prof.& Vocational Licensing Division (State)	License
Real Estate School	Commerce: Prof.& Vocational Licensing	License

	Division (State)	
Restaurant (Food Establishment)	Health: Sanitation Branch (State)	Permit
	Liquor Commission (County)	License
Schools (Private regular K-12 And/or Special Education, Trade Vocational or Technical)	Education: Accreditation & Licensing Division (State)	License
Scrap Dealer	Kaua`i County Finance	License
Second Hand Dealer	Kaua`i County Finance	License
Securities Broker/Dealer	Commerce: Business Registration	License
Service Station	Taxation: Taxpayers Services	Permit
Ship Chandler	Customs (Federal)	Info & License
Slaughterhouse	Agriculture: Animal Industry Division (State)	License
Social Worker	Commerce: Prof.& Vocational Licensing Division (State)	License
Speech Pathologist/Audiologist	Commerce: Prof.& Vocational Licensing Division (State)	License
Tattoo Artists/Shops	Health: Sanitation Branch (State)	License
Taxi	Agriculture: Measurement Standards Division (State)	Taxi Meter License & Inspection
	Kaua`i County Finance	License
Tear Gas/Pepper Spray /Obnoxious Substance Sales	Kaua`i County Finance	License
Time Share	Commerce: Prof.& Vocational Licensing Division (State)	License
Tobacco, Cigar, & Cigarette Sales	Taxation: Taxpayers Services Division (State)	Permit
	Bureau of Alcohol, Tobacco & Firearms (Fed)	Information
Tour Operator	Public Utilities Commission (State)	Motor carrier certificate
	Transportation: Motor Vehicle Safety Office (State)	Inspection, clearance of vehicles
Tow Trucking	Transportation: Motor Vehicle Safety Office (State)	Inspection, Clearance
	Agriculture: Pesticides	

Toxic Chemical Sales	Branch (State)	Permit
	Health: Environment Protection & Health Services Division (State)	Permit
Travel Agency	Commerce: Prof.& Vocational Licensing Division (State)	License
Underground Injection Control	Health: Safe Drinking Water Branch (State)	Permit
Veterinarian	Commerce: Prof.& Vocational Licensing Division (State)	License
Wastewater/Storm water	Health: Clean Water Branch (State)	Permit, License
Wastewater Treatment Facility Operator	Health: Wastewater & Clean Water Branch (State)	Information & Inspection
Wholesale Seafood Outlet	Health: Sanitation Branch (State)	Information & Clearance

ACKNOWLEDGEMENTS:

A special mahalo to the Kaua'i County Office of Economic Development for editing, printing and other instrumental support in the development of this booklet.

Kaua'i Business Assistance Corporation is made possible thanks to the financial support of the following organizations:

HMAA Insurance

County of Kaua'i

Bank of Hawaii

First Hawaiian Bank

GTE Hawaiian Tel

And assistance through the following grants:

Industry Network Corporation

Hawai'i Community Foundation

Atherton Foundation

Knudsen Foundation

Ag Leadership

Grove Farm Co., Inc.

U.S. Department of Housing & Urban Development (HUD)

Offices of Community Assistance-Kaua'i County Housing Agency

A special mahalo to the staff of Kaua'i Business Assistance Corporation's staff: Kristine MacNeil, Calvin Shirai and Bob Inguagiato for all of their hard work in the writing and compiling of this book.